

Testimony of
City of Ecorse Emergency Financial Manager Joyce Parker
Before The
Michigan House Local, Intergovernmental & Regional Affairs Committee

May 5, 2011 / 9:00 a.m. / Room 307 House Office Building / Lansing, MI 48933

Chairman Ouimet and distinguished members of the House Local, Intergovernmental & Regional Affairs Committee ...

Thank you for the opportunity to testify this afternoon in support of Senate Bill 318, legislation to amend the Home Rule City Act to facilitate the City of Ecorse's ability to issue financial recovery bonds.

For the record, my name is Joyce Parker. I am the Emergency Manager for the City of Ecorse.

I am joined today by Mr. Kevin Smith of the respected Miller Canfield law firm and City of Ecorse bond counsel, Mr. Brian Lefler of the R.W. Baird Company.

Before getting to the core of my brief testimony, I first want to take this opportunity to publicly thank Senator Hopgood for graciously agreeing to sponsor Senate Bill 318.

I also want to thank the Michigan Department of Treasury for endorsing this legislation, and you, Chairman Ouimet, for expediting the hearing – ***and hopefully the vote*** – on this measure.

Make no mistake: Swift passage and enactment into law of Senate Bill 318 is utterly important to taxpayers in the City of Ecorse, a cash-strapped community of fewer than 10,000 residents in suburban Detroit. Here's why:

➤ In December 2010, a Wayne County Circuit Court ordered that a judgment levy be added to City of Ecorse tax bills to compensate other taxing jurisdictions monies that the municipality, under previous elected leadership, collected but failed to pass on to other taxing units.

Among the taxing jurisdictions owed money are Wayne County and Ecorse Public Schools.

- This judgment levy threatens to increase by tenfold the tax bill that City of Ecorse residents and businesses will owe this summer, and it could tax many of them out of their homes and/or livelihoods.
- For some other businesses – like U.S. Steel, which shoulders nearly 40 percent of the City of Ecorse’s property tax burden and has representatives here today – the judgment levy is simply financially punitive and comes at a time of continued volatility in our state and national economy.

Senate Bill 318 would mollify this dilemma by helping the City of Ecorse sell financial recovery bonds to satisfy the court-ordered judgments. City of Ecorse taxpayers would then repay these bonds over time.

Specifically, City of Ecorse taxpayers, under this scenario, might see their tax rate grow by, say, an additional 3.5 to 4 mills per year, whereas the judgment levy would impose on them the potential hardship of an all-at-once increase of more than 40-mills.

Please know that the Home Rule City Act permits locals to issue financial recovery bonds right now. The City of Ecorse’s fiscal condition, however, is tenuous, such that bond counsel advises the municipality only can access the market *if the Legislature amends the statute to give investors greater assurance they will be repaid, even in the unlikely event of a municipal bankruptcy.*

At its crux, Senate Bill 318 seeks to give prospective bondholders said comfort by...

- Providing that a “third-party” *and not the City of Ecorse Treasurer* collect revenue from a levy that has been issued solely to pay principal and interest on financial recovery bonds.
- By requiring the “third party” to disburse revenue from such a levy to a *trustee who would be charged with making the bond payments.*
- And by affixing a statutory lien and trust on levies that have been pledged to pay financial recovery bonds and making said lien and

trust ***“paramount and superior” to all other liens on city tax money.***

In conclusion, please know that I have been the City Manager of Saginaw, Jackson and Inkster, Michigan, as well as in Elgin, Illinois. I also worked with an Emergency Manager in Flint, Michigan.

I only share my background with you to make this point: My roughly 25 years of experience working with municipal government leaves me with no doubt that Senate Bill 318 charts a far better course for the City of Ecorse and its taxpayers than a judgment levy, which only would inspire more fiscal instability in this struggling municipality.

In the words of the Detroit News, which, like the Detroit Free Press opined in support of Senate Bill 318: **“Lawmakers have an opportunity to help our here and they should.”**

With that, I thank the committee members for your forbearance. We are happy to entertain questions.

CITY OF ECORSE
COUNTY OF WAYNE
STATE OF MICHIGAN

AN EXCERPT TAKEN FROM THE REGULAR MEETING OF THE MAYOR PRO TEM AND COUNCIL OF THE CITY OF ECORSE HELD UNDER DATE OF APRIL 26, 2011. MAYOR PRO TEM DARCEL BROWN, PRESIDING.

PRESENT: COUNCILMEN WHEELER, BANKS, ELEM, HELLAR, MAYOR PRO TEM BROWN.
EXCUSED: COUNCILMAN MILLER.

RESOLUTION NO. 1.11Sp

Moved by Councilman Hellar,

Supported by Councilman Wheeler

WHEREAS, the City of Ecorse has outstanding Court Ordered judgments against the City in an estimated amount of \$8.7 million dollars which must be paid;

WHEREAS, two of the judgments resulted from the failure to properly collect and remit the required taxes to Ecorse Public Schools and the County of Wayne, while four Court Ordered judgments stemmed from poor decisions made regarding employee filed lawsuits against the City;

WHEREAS, the most cost effective option to assure payment of these costly outstanding judgments for this financially depleted City is to issue bonds;

WHEREAS, in order for the City of Ecorse to successfully issue bonds, investors require certain protection that can only be obtained through a legislative amendment to the law which would create and authorize a Third Party to collect the related taxes, providing the necessary security to insulate the taxes collected from bankruptcy;

WHEREAS, issuing bonds will substantially lower the annual debt service requirement to City of Ecorse residents and will mitigate the financial impact to Ecorse taxpayers;

WHEREAS, the Mayor Pro Tem and City Council members of the City of Ecorse, County of Wayne, Michigan have evidenced their support for legislation creating a Third Party Tax Collector as required by Investors who will purchase the bonds by placing their signatures upon the attached Bond Petition;

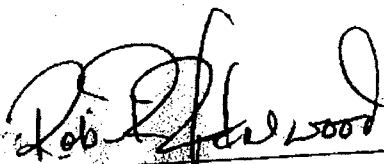
WHEREAS, the Mayor Pro Tem and City Council members of the City of Ecorse, County of Wayne, Michigan in their representative capacity do hereby join their fellow City of Ecorse residents in approving, supporting and adopting the attached Bond Petition "call to action" as an urgent plea and appeal to have our State Legislative Representatives create and pass the necessary requested legislation as soon as is possible which will benefit all the citizens of Ecorse by enabling the City to distribute its significant tax burden over many years through the successful issuance of bonds;

WHEREAS, the Mayor Pro Tem and City Council members of the City of Ecorse, County of Wayne, Michigan direct that these Bond Petitions signed by our Ecorse citizens be immediately delivered into the hands of our State of Michigan Legislative Representatives so that they might hear, consider and grant the urgent requests of the City of Ecorse residents to do all things necessary to enable the City of Ecorse to successfully issue bonds.

NOW, THEREFORE, BE IT RESOLVED that the Mayor Pro Tem and City Council members of the City of Ecorse do hereby support the passage of a legislative amendment creating a Third Party Tax Collector as required by the Investors who will be purchasing the City's bonds and further direct that all Bond Petition signatures be immediately delivered into the hands of our State of Michigan Legislative Representatives so that they might hear, consider and grant this collective and critical request from the City of Ecorse residents to do all things necessary to enable the City of Ecorse to successfully issue bonds.

Yeas: Councilmen Wheeler, Banks, Elem, Hellar, Mayor Pro Tem Brown.
Nays: None.
Excused: Councilman Miller.

I, ROBIN R. UNDERWOOD, CITY CLERK OF THE CITY OF ECORSE, WAYNE COUNTY, MICHIGAN, DO HEREBY CERTIFY THAT THE ABOVE IS A FULL AND TRUE COPY OF A RESOLUTION ADOPTED BY THE MAYOR PRO TEM AND COUNCIL OF THE CITY OF ECORSE AT A REGULAR MEETING HELD UNDER DATE OF APRIL 26, 2011.



CITY CLERK

DATED: April 27, 2011
Ecorse, Michigan.

WE, THE UNDERSIGNED RESIDENTS OF THE CITY OF ECORSE, do hereby support, advocate for and otherwise request of our State of Michigan Lawmakers and Officials that they do everything necessary and all things possible to allow the multi-million dollar judgments against our City to be placed in a bond issue, rather than directly and all at once put on our tax roll, whereby the issuance of said bond would allow this additional tax obligation to be spread out over many years, thereby reducing City of Ecorse residents' yearly tax obligation and burden associated with these large judgments.

INDICATE CITY OR TOWNSHIP IN WHICH REGISTERED TO VOTE	SIGNATURE	PRINTED NAME	STREET ADDRESS OR RURAL ROUTE	ZIP CODE	DATE OF SIGNING MO/ DAY/ YEAR
ECORSE	STANLEY D. SHAW	STANLEY D. SHAW	4144-10TH	48229	4-26-11
ECORSE	BRADY D. SHAW	BRENDA BANKS	4544 N. HUNTER	48229	4-26-11
ECORSE	NATHANIEL ELLER	NATHANIEL ELLER	4174-12TH	48229	4-26-11
ECORSE	ROBERT G. HELLAR	ROBERT G. HELLAR	4345-5TH ST.	48229	4-26-2011
ECORSE	DANIEL BROWN	DANIEL BROWN	458 S. OLLIVANT	48229	4-26-11
ECORSE	ROBIN R. UNDERWOOD	ROBIN R. UNDERWOOD	27023 W. Oak Drive	48229	4-26-11
ECORSE	WESTERLY PETE	WESTERLY PETE	3844 ALINGDA ST.	48229	4-26-11

CERTIFICATE OF CIRCULATOR

the undersigned circulator of the above petition asserts that he or she is qualified to circulate this petition and that each signature on the petition was signed in his or her presence; and that, to his or her best knowledge and belief, the signature is the genuine signature of the person purporting to sign the petition, the person signing the petition was at the time of signing a qualified elector, and the circulator was qualified to sign the petition.

WARNING - A circulator knowingly making a false statement in the above certificate, a person not a circulator who signs as a circulator, or a person who signs a name other than his or her own as circulator is guilty of a misdemeanor.

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INDICATE CITY OR TOWNSHIP IN WHICH REGISTERED TO VOTE	SIGNATURE	PRINTED NAME	STREET ADDRESS OR ROUTE	ZIP CODE	DATE OF SIGNING MO/ DAY/ YEAR
Ecorse		Greg Justice	44 Kidge	48229	4-20-11
Ecorse		Emmanuel P. Sharp	3888 14th	48229	4-20-11
Ecorse		Maurice Sharp	4245 9th Apt 3	48229	4/20/11
Ecorse		Nannette Robison	4005-15th St	48229	4/20/11
Ecorse		Michelle DEMESKE	4055 SUGARWOOD	48229	4-20-11
Ecorse		RICK DEMSKE	4055 SUGARWOOD	48229	4-20-11
Ecorse		Lisa M. Hughes	4423 1st	48229	4-20-11
Ecorse		Deborah Davis	4104 1/2 5th	48229	4-20-11
Ecorse		Deborah Hoffman	4355 9th	48229	4-20-11
Ecorse		Earl Stafford	4471 APT B	48229	4-20-11
Ecorse		Bill Jennings	46 11th	48229	4-20-11
Ecorse		Hope Garrido	10 Visser Rd	48229	4-20-11
Ecorse		Shauna Passalacqua	4508 16th	48229	4-20-11
Ecorse		Taweesha Sellers	3973 13th	48229	4-20-11
Ecorse		Leonie Sellers	4611 12th	48229	4-20-11
Ecorse		Rodney Keatts	385 Lelandie	48229	4-20-11

(MCL 168.544c(1))

CERTIFICATE OF CIRCULATOR

The undersigned circulator of the above petition assents that he or she is qualified to circulate this petition and that each signature on the petition was signed in his or her presence, and that, to his or her best knowledge and belief, each signature is the genuine signature of the person purporting to sign the petition, the person signing the petition was at the time of signing a qualified registered elector of the city or township indicated preceding the signature, and the elector was qualified to sign the petition.

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INDICATE CITY OR TOWNSHIP IN WHICH REGISTERED TO VOTE	SIGNATURE	PRINTED NAME	STREET ADDRESS OR RURAL ROUTE	ZIP CODE	DATE OF SIGNING MO/ DAY/ YEAR
ECORSE	Mary Alice Jones	Mary Alice Jones	26733 WOODVIEW DR	48029	4-20-11
ECORSE	Sylvia Brown	Sylvia Brown	26797 WOODVIEW DR	48029	4-20-11
ECORSE	Denise Baker	Denise Baker	42469th	48029	4-20-11
ECORSE	Charles Miller	Charles Miller	58 ELM ST	48029	4-20-11
ECORSE	Paula Canty	Paula Canty	4154 9th	48029	4-20-11
ECORSE	Deanna Bailey	Deanna Bailey	26944 Bailey	48029	4-20-11
ECORSE	Charles Alexander	Charles Alexander	3948-18th	48029	4-20-11
ECORSE	Harold Henderson	Harold Henderson	4028 18th	48029	4-20-11
ECORSE	Ronald James	Ronald James	3992-17th	48029	4-20-11
ECORSE	James Jones	James Jones	4304 11th	48029	4-20-11
ECORSE	Archie Brown	Archie Brown	3908-18th	48029	4-20-11
ECORSE	Mary E. Palmer	Mary E. Palmer	4138-12th	48029	4-21-11
ECORSE	Mary E. Palmer	Mary E. Palmer	4138-12th	48029	4-21-11
ECORSE	Adrian Alexander	Adrian Alexander	4138-12th	48029	4-21-11
ECORSE	Adrian Alexander	Adrian Alexander	4138-12th	48029	4-21-11

(MCL 168.544c(1))

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[illegible]

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INDICATE CITY OR

[illegible]

CERTIFICATE OF CIRCULATOR

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[illegible]

(MCL 168.544c(1))

CERTIFICATE OF CIRCULATOR

The undersigned recollector of the above petition asserts that he or she is qualified to circulate this petition and that each signature on the petition was signed in his or her presence; and that, to his or her best knowledge and belief, each signature is the genuine signature of the person purporting to sign the petition; the person signing the petition was at the time of signing a qualified registered elector of the city or township indicated preceding the signature, and the elector was qualified to sign the petition.

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The Detroit News

www.detroitnews.com

April 26, 2011

<http://detroitnews.com/article/20110426/OPINION01/104260310>

Editorial: Amend emergency manager law to ease bond sales

Legislature should amend emergency manager law to help cities sell more favorable bonds

Amid all the fuss over Gov. Rick Snyder's new emergency manager rules to help struggling cities and school districts, Joyce Parker has been plugging away at the changes needed to restore fiscal stability to the downriver community of Ecorse.

Parker, appointed Ecorse's emergency manager under the old rules in 2009, is seeking legislation that lawmakers should approve to ease the sale of bonds that would cover \$8.5million in debts.

The debts were incurred under leaders who had plunged Ecorse into endangered status before Parker became its second emergency manager since the late 1980s. The city owes \$6.6 million in taxes it collected on behalf of Wayne County and the local school district, but failed to pass on. It also owes for lawsuits that were lost to employees and other entities, the amounts of which Parker has managed to reduce by about \$2 million through negotiations.

Parker already is empowered by law to sell bonds, but needs special legislation to set up a system that would make the bonds more saleable at a more favorable interest rate. The Legislature is being asked to amend the Home Rule Act so a third party — a bank — can handle the escrow on the bonds, giving investors more assurance their purchase of them is a sound transaction.

Without that, the debt would fall on taxpayers' shoulders in the community of 9,512, where 1 in 5 families are below the poverty level and household income averages \$25,000. Parker says the necessary property tax increases, as much as 40 percent, would drive many out of their homes. U.S. Steel, the major employer, would get hit with a ten-fold increase from \$400,000 now to \$4 million.

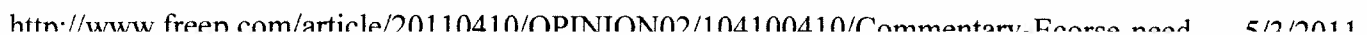
Even with the bonds, Ecorse faces a tough climb out of the trouble it's in. Parker also is working on pay and benefit concessions from city workers, an effort that should be eased by provisions in the new emergency manager law that give her more clout. She's also working on shared services deals with neighboring Lincoln Park and River Rouge, another strategy emphasized by Snyder.

Lawmakers have a good opportunity to help out here and they should. Those still inclined to bad-mouth the new emergency manager law need only to look at Ecorse to see how it can work for Michigan.

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Ecorse, would see its tax bill jump from \$400,000 to \$4 million. DTE Energy, which also has facilities in the city, would see a \$21,000 tax bill rise to \$210,000.

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It's not the fault of Ecorse's residents, or the businesses that operate there, that public officials shorted other jurisdictions on tax payments. They'll have to pay it back, anyway.

But the Legislature can, and should, give the city the ability to make sure the repayments don't compound problems that are just now being solved.

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